

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER

FINANCIAL STATEMENTS

JUNE 30, 2005

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
TABLE OF CONTENTS**

	Page
INDEPENDENT AUDITOR'S REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	6
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
STATEMENT OF NET ASSETS	15
STATEMENT OF ACTIVITIES	16
FUND FINANCIAL STATEMENTS:	
BALANCE SHEET	17
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS	18
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	19
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	20
NOTES TO FINANCIAL STATEMENTS	21
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED):	
BUDGETARY COMPARISON SCHEDULE:	
GENERAL FUND	33
NOTE A - BUDGETARY COMPARISON SCHEDULE BUDGET-T0-GAAP RECONCILIATION	34
COMBINING FINANCIAL STATEMENTS AND SCHEDULES:	
COMBINING BALANCE SHEET - GENERAL FUND BY DEPARTMENT	36
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND BY DEPARTMENT	37

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
TABLE OF CONTENTS**

	Page
COMBINING FINANCIAL STATEMENTS AND SCHEDULES (CONTINUED):	
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - BY PROGRAMS:	
MENTAL HEALTH	38
SUBSTANCE ABUSE	39
COMPLIANCE SECTION:	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	41
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	43
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	45
SCHEDULE OF FEDERAL AWARDS EXPENDED	46
SCHEDULE OF PRIOR AUDIT FINDINGS	48
AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE	49

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

INDEPENDENT AUDITOR'S REPORT

Executive Committee

Central Utah Mental Health/Substance Abuse Center

Mt. Pleasant, Utah 84647

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Central Utah Mental Health/Substance Abuse Center as of and for the year ended June 30, 2005, which collectively comprise the Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Central Utah Mental Health/Substance Abuse Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Central Utah Mental Health/Substance Abuse Center as of June 30, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2005, on our consideration of Central Utah Mental Health/Substance Abuse Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 6 through 13 and 33 through 34 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Executive Committee
Central Utah Mental Health/Substance Abuse Center

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Utah Mental Health/Substance Abuse Center's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of Central Utah Mental Health/Substance Abuse Center. The combining statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 21, 2005
Richfield, Utah

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005

This discussion of the Central Utah Mental Health/Substance Abuse Center (Center) financial performance provides an overview of the Center's financial activities for the year ending June 30, 2005. This report is in conjunction with the Center's financial statements. The Center's purpose is to provide quality comprehensive mental health and substance abuse treatment and prevention services to the residents of the six county area.

Financial Highlights

- * The assets of the Center exceeded its liabilities as of the close of the most recent year by \$3,210,902 (net assets). Of this amount, \$1,448,065 (unrestricted net assets) may be used to meet the Center's ongoing obligations to employees and creditors.
- * The Center's total net assets increased by \$456,388. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- * At the close of the current year, the Center's governmental funds reported ending fund balances of \$2,694,605 an increase of \$364,347 in comparison with the prior year. Approximately 63 percent of this total amount, \$1,694,605 is available for spending at the Center's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$1,694,605, or 28 percent of total general fund expenditures.
- * The Center's compensated absences increased by \$26,410 during the current year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements. The Center's basic financial statements comprise three components: 1) government-wide financial statement, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Center's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Center's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

The *statement of activities* presents information showing how the Center's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., revenues and earned by unused vacation leave).

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Both of the government-wide financial statements include functions of the Center that are principally supported by fees and intergovernmental revenues (governmental activities). These activities include Mental Health and Substance Abuse services.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Center are governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Center maintains one governmental fund, the General Fund.

The Center adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided to demonstrate legal compliance with the adopted budget for the general fund.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Center.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Center, assets exceeded liabilities by \$3,210,902 at the close of the most recent fiscal year.

One portion of the Center's net assets (23 percent) reflects its investment in capital assets (e.g. equipment and vehicles) less any related debt required to purchase those assets that is still outstanding. The Center uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. Although the Center's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The Center has determined that all asset purchases in excess of \$5,000 will be capitalized.

Central Utah Mental Health/Substance Abuse Center's Net Assets

	Governmental Activities		
	2005	2004	Change
Current and Other Assets	3,160,447	2,736,767	423,680
Capital Assets	1,318,837	1,235,186	83,651
Total Assets	4,479,284	3,971,953	507,331
Long-Term Liabilities	767,540	777,930	(10,390)
Other Liabilities	500,842	439,509	61,333
Total Liabilities	1,268,382	1,217,439	50,943
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	762,837	646,186	116,651
Restricted	1,000,000	1,000,000	-
Unrestricted	1,448,065	1,108,328	339,737
Total Net Assets	3,210,902	2,754,514	456,388

A portion of the Center's net assets (31 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$1,448,065, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Center is able to report positive balances in all three categories of net assets, for the government as a whole.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
MANAGEMENT DISCUSSION AND ANALYSIS - CONTINUED
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Governmental Activities

Governmental activities increased the Center's net assets by \$456,388. Key elements of the changes are shown below.

Central Utah Mental Health/Substance Abuse Center's Changes in Net Assets

	Governmental Activities		
	2005	2004	Change
Revenues:			
Program Revenues:			
Charges for Services	4,187,525	3,911,922	275,603
Operating Grants	2,175,950	2,357,076	(181,126)
Capital Grants	-	-	-
General Revenues:			
Unrestricted Investment Earnings	60,485	26,442	34,043
Total Revenues	6,423,960	6,295,440	128,520
Expenses:			
General Government:			
Salaries & Fringes	3,216,430	3,133,865	82,565
Operating Costs	595,650	428,223	167,427
Contractual	464,905	462,697	2,208
Medical Treatment	334,960	447,289	(112,329)
Medicaid Match	1,007,603	936,422	71,181
Depreciation	117,704	117,467	237
Rents & Utilities	230,320	209,410	20,910
Total Expenses	5,967,572	5,735,373	232,199
Increase in Net Assets	456,388	560,067	(103,679)
Net Assets - Beginning	2,754,514	2,194,447	560,067
Net Assets - Ending	3,210,902	2,754,514	456,388

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Government's Funds

As noted earlier, the Center uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Governmental Funds

The focus of the Center's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Center's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Center's governmental fund reported ending fund balances of \$2,694,605 an increase of \$364,347 in comparison with the prior year. Approximately 63 percent of this amount, \$1,694,605 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to: 1) \$900,000 for Medicaid Contract, and 2) \$100,000 for Medicaid Inpatient.

The general fund is the chief operating fund of the Center. At the end of the current year, unreserved fund balance of the general fund was \$1,694,605, and total fund balance was \$2,694,605. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 28 percent of total general fund expenditures, while total fund balance represents 44 percent of that same amount.

General Fund Budgetary Highlights

Budgets were prepared for both the Mental Health and Substance Abuse Departments. These budgets were not changed during the year. These budgets were combined for presentation in the Budgetary Comparison Schedule for the General Fund.

Of the total general fund expenditures, none was funded out of prior year's unreserved fund balance.

Capital Asset and Debt Administration

Capital Assets

The Center's investment in capital assets for its governmental activities as of June 30, 2005, was \$1,318,837 (net of accumulated depreciation). This investment in capital assets includes buildings, equipment and vehicles. Long-Term debt related to these assets was \$556,000.

	Governmental Activities		
	2005	2004	Change
Land	62,000	62,000	-
Buildings	1,089,217	996,736	92,481
Equipment	49,726	70,443	(20,717)
Vehicles	117,894	106,007	11,887
Total (Net of Depreciation)	1,318,837	1,235,186	83,651

Additional information on the Center's capital assets can be found in the notes to the financial statements.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
MANAGEMENT'S DISCUSSION AND ANALYSIS - Continued.
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Long -Term Debt

Long-Term Debt consists of a lease obligation due to the Sanpete County Municipal Building Authority for a lease-purchase on a building in Mt. Pleasant, Utah. The balance of the liability at year end was \$556,000.

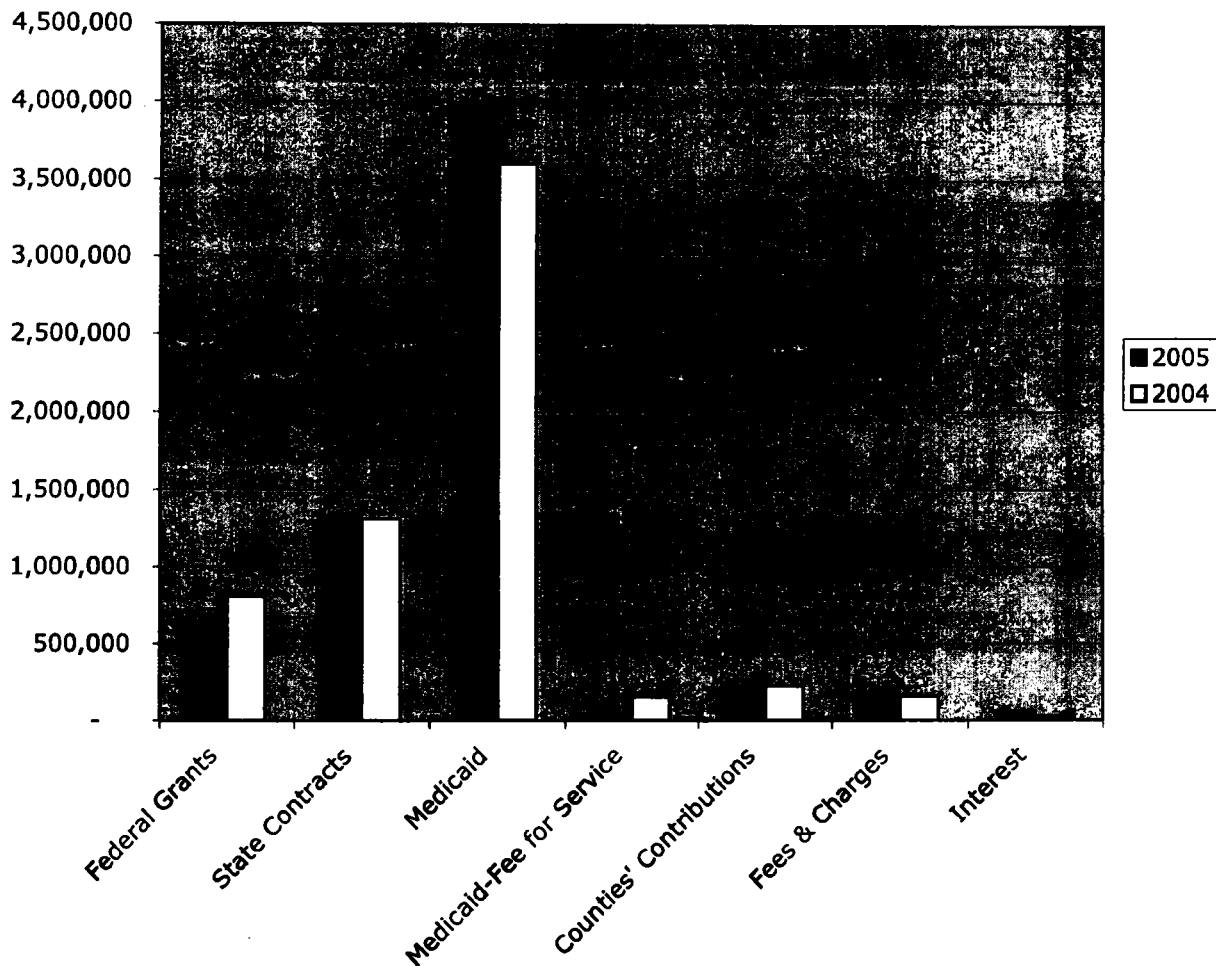
Request for Information

This financial report is designed to provide a general overview of the Center's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Central Utah Mental Health/Substance Abuse Center, 255 West Main, Mt. Pleasant, Utah, 84647.

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
Governmental Revenues
For The Fiscal Years Ending June 30, 2005 and 2004

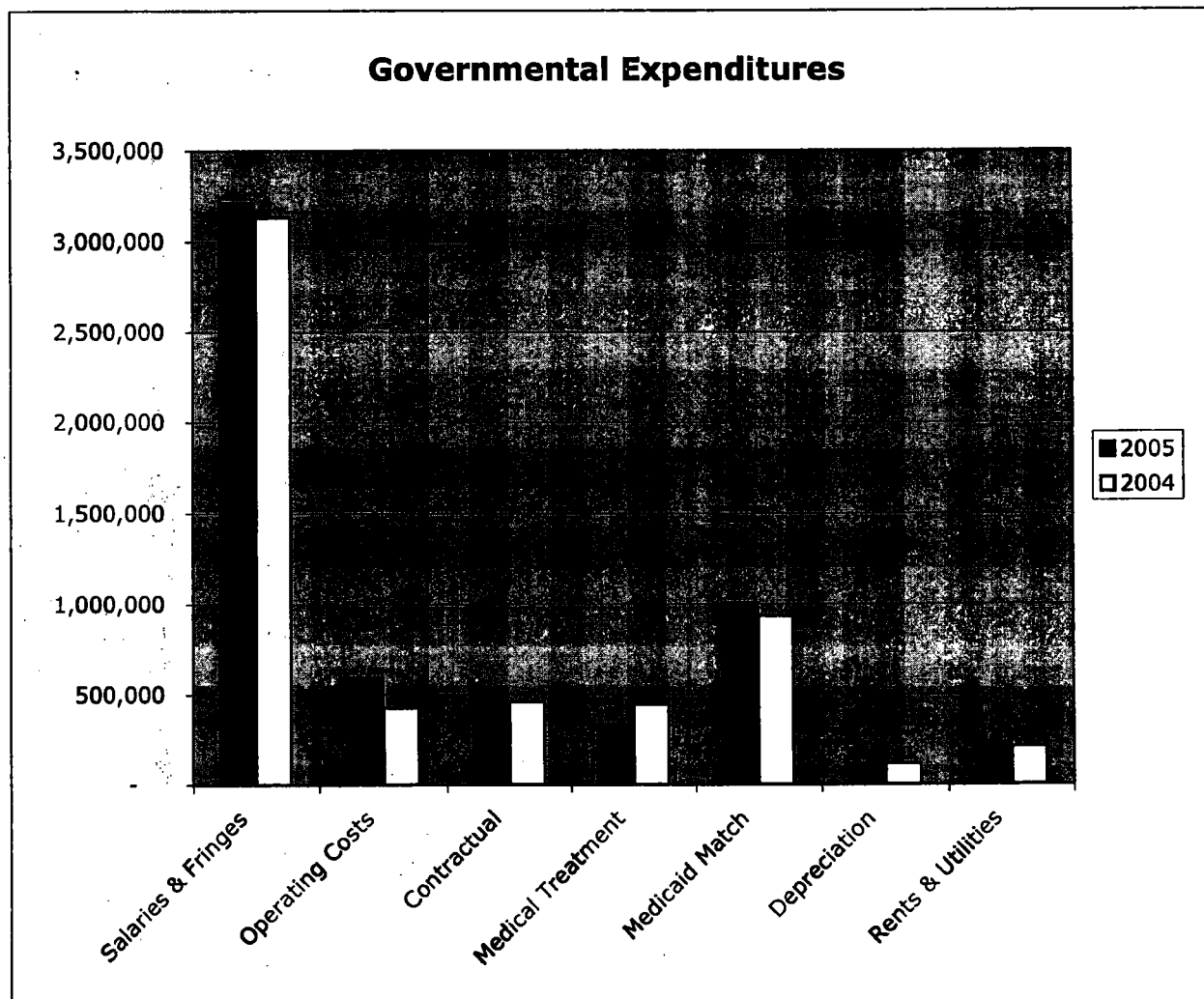
	2005	2004
Federal Grants	641,859	811,732
State Contracts	1,310,201	1,316,898
Medicaid	3,945,062	3,604,555
Medicaid-Fee for Service	54,696	155,203
Counties' Contributions	223,890	223,446
Fees & Charges	187,767	157,164
Interest	60,485	26,442
Total Revenues	6,423,960	6,295,440

Governmental Revenues



CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
Governmental Expenditures
For The Fiscal Years Ending June 30, 2005 and 2004

	2005	2004
Salaries & Fringes	3,216,430	3,133,865
Operating Costs	595,650	428,223
Contractual	464,905	462,697
Medical Treatment	334,960	447,289
Medicaid Match	1,007,603	936,422
Depreciation	117,704	117,467
Rents & Utilities	230,320	209,410
Total Expenditures	5,967,572	5,735,373



BASIC FINANCIAL STATEMENTS

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
STATEMENT OF NET ASSETS**

June 30, 2005

	<u>Primary Government Governmental Activities</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	2,847,400
Accounts Receivable (Net)	4,498
Due From Other Government Units	<u>308,549</u>
Total Current Assets	<u>3,160,447</u>
Noncurrent Assets:	
Capital Assets (Net of Accumulated Depreciation):	
Land	62,000
Buildings	1,089,217
Equipment	49,726
Vehicles	<u>117,894</u>
Total Noncurrent Assets	<u>1,318,837</u>
TOTAL ASSETS	<u><u>4,479,284</u></u>
LIABILITIES	
Current Liabilities:	
Accounts Payable	465,842
Lease Obligations - Due Within One Year	<u>35,000</u>
Total Current Liabilities	<u>500,842</u>
Noncurrent Liabilities:	
Lease Obligations - Due More Than One Year	521,000
Compensated Absences	<u>246,540</u>
Total Noncurrent Liabilities	<u>767,540</u>
TOTAL LIABILITIES	<u>1,268,382</u>
NET ASSETS	
Investment in Capital Assets, Net of Related Debt	762,837
Restricted For:	
Medicaid Contract	900,000
Medicaid Inpatient	100,000
Unrestricted	<u>1,448,065</u>
TOTAL NET ASSETS	<u>3,210,902</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>4,479,284</u></u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2005

Function/Programs Primary Government: Governmental Activities: Public Health	Program Revenues			Net (Expense) Revenues and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Total
	<u>5,967,572</u>	<u>4,187,525</u>	<u>2,175,950</u>	<u>-</u>	<u>395,903</u>
Total Governmental Activities	<u>5,967,572</u>	<u>4,187,525</u>	<u>2,175,950</u>	<u>-</u>	<u>395,903</u>
General Revenues: Unrestricted Investment Earnings				<u>60,485</u>	<u>60,485</u>
Total General Revenues and Transfers				<u>60,485</u>	<u>60,485</u>
Change in Net Assets				<u>456,388</u>	<u>456,388</u>
Net Assets - Beginning				<u>2,754,514</u>	<u>2,754,514</u>
Net Assets - Ending				<u>3,210,902</u>	<u>3,210,902</u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
ASSETS	
Cash and Cash Equivalents	2,847,400
Accounts Receivable (Net)	4,498
Due From Other Government Units	<u>308,549</u>
 TOTAL ASSETS	 <u><u>3,160,447</u></u>
 LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable	<u>465,842</u>
 Total Liabilities	 <u>465,842</u>
 Fund Balances:	
Reserved For:	
Medicaid Contract	900,000
Medicaid Inpatient	100,000
Unreserved, Reported In:	
General Fund	<u>1,694,605</u>
 Total Fund Balance	 <u>2,694,605</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>3,160,447</u></u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

June 30, 2005

Total Fund Balances - Governmental Fund Types	2,694,605
---	-----------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	62,000	
Buildings	1,089,217	
Vehicles	49,726	
Equipment	<u>117,894</u>	
 Total		 1,318,837

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences	(246,540)	
Bonds	<u>(556,000)</u>	
 Total		 <u>(802,540)</u>

Net Assets of Government Activities	<u><u>3,210,902</u></u>
-------------------------------------	-------------------------

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
Revenues:	
Federal Grants	641,859
Contracts With State Agencies	1,310,201
Medicaid	3,945,062
Medicaid - Fee for Service	54,696
Counties Contributions	223,890
Fees and Charges	169,320
Interest	60,485
Other	<u>18,447</u>
Total Revenues	6,423,960
Less: Medicaid Match Returned	(1,006,600)
Other Revenue Returned	<u>(1,003)</u>
NET REVENUES	<u>5,416,357</u>
Expenditures:	
Current:	
Salaries and Wages	2,277,241
Fringe Benefits	939,189
Travel	190,867
Supplies	83,141
Rent and Building Payments	109,810
Utilities	120,510
Insurance	75,502
Spend Down	67,943
Administrative Charges	73,270
Contractual	464,905
Adult and Youth Treatment	185,500
Hospital, Drugs and Medical	149,460
Miscellaneous	60,213
Capital Outlay	<u>254,459</u>
Total Expenditures	<u>5,052,010</u>
Net Change In Fund Balance	364,347
Fund Balance - Beginning	<u>2,330,258</u>
Fund Balance - Ending	<u><u>2,694,605</u></u>

The notes to the financial statements are an integral part of this statement.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	364,347
---	---------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	201,355	
Depreciation Expense	<u>(117,704)</u>	
Total		83,651

The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Principal on Long-Term Debt	33,000
-----------------------------	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Increase in Compensated Absences	<u>(24,610)</u>
----------------------------------	-----------------

Changes In Net Assets of Governmental Activities	<u><u>456,388</u></u>
--	-----------------------

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Central Utah Mental Health/Substance Abuse Center:

The Central Utah Mental Health/Substance Abuse Center is organized under the laws of the State of Utah. The Central Utah Mental Health/Substance Abuse Center serves six counties which includes Millard, Juab, Sanpete, Sevier, Wayne and Piute Counties, commonly referred to as the Six County area. The six counties have established a Mental Health/Substance Abuse Authority Board to govern the operation of the Central Utah Mental Health/Substance Abuse Center. This Board consists of one designated County commissioner from each of the six counties.

The Central Utah Mental Health/Substance Abuse Center was established to provide quality comprehensive mental health and substance abuse treatment and prevention services to the residents of the six county area.

The accompanying basic financial statements present the financial position of the General Fund and the results of operations of the General Fund. The basic financial statements are presented for the fiscal year ended June 30, 2005.

The following is a summary of the more significant policies:

A. Reporting Entity:

For financial reporting purposes Central Utah Mental Health/Substance Abuse Center, incorporated in the State of Utah, has included all funds and account groups. Central Utah Mental Health/Substance Abuse Center has no component units or related organizations. As required by generally accepted accounting principles, these financial statements present Central Utah Mental Health/Substance Abuse Center, the reporting entity.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Center considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets:

Capital assets, which include property, plant, equipment, and vehicles are reported in the applicable governmental type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Building and Structures	40 Years
Equipment	5 - 15 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences:

In governmental funds, compensated absences (unpaid vacation and sick leave) are recorded as expenditures in the year paid, as it is the Central Utah Mental Health/Substance Abuse Center's policy to liquidate any unpaid vacation or sick leave at December 31st from future resources rather than from currently available expendable resources.

E. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Budgets

The Central Utah Mental Health/Substance Abuse Center adopts a budget for the General Fund. The adopted budget is prepared using the same basis of accounting as the Center's financial statements. All budget amounts presented in the accompanying financial statements may have been adjusted for legally authorized revisions of the annual budgets during the year.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2005 consist of the following:

	<u>Fair Value</u>
Demand Deposits - Checking	345,104
Investment - PTIF	<u>2,502,296</u>
Total Cash and Investments	<u><u>2,847,400</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities - Unrestricted	<u><u>2,847,400</u></u>
--	-------------------------

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Association funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invest in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposit and Investment Risk:

The Center maintains no investment policy containing any specific provisions intended to limit the Center's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The Association's compliance with the provisions of UMMA addressed each of these risks.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the Association are available immediately.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the Association's demand deposits are covered by FDIC insurance.

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - DUE FROM OTHER GOVERNMENT UNITS

Amounts due from the governmental agencies of \$308,549 consists mainly of monies due from grants and contracts with federal, state and local government agencies. Receivables from other sources are not shown as revenues due to the uncertainty of collections. The following is a summary of accounts receivable:

<u>Description</u>	<u>Amount</u>
Federal	112,875
State	157,094
Medicaid - Fee for Service	<u>38,580</u>
Total	<u><u>308,549</u></u>

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 4 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	<u>62,000</u>	<u>-</u>	<u>-</u>	<u>62,000</u>
Capital Assets Being Depreciated:				
Buildings	1,292,826	135,575	-	1,428,401
Machinery and Equipment	103,585	-	-	103,585
Vehicles	<u>283,527</u>	<u>65,780</u>	<u>-</u>	<u>349,307</u>
Total Capital Assets Being Depreciated	<u>1,679,938</u>	<u>201,355</u>	<u>-</u>	<u>1,881,293</u>
Less Accumulated Depreciation For:				
Buildings	296,090	43,094	-	339,184
Machinery and Equipment	33,142	20,717	-	53,859
Vehicles	<u>177,520</u>	<u>53,893</u>	<u>-</u>	<u>231,413</u>
Total Accumulated Depreciation	<u>506,752</u>	<u>117,704</u>	<u>-</u>	<u>624,456</u>
Total Capital Assets Being Depreciated (Net)	<u>1,173,186</u>	<u>83,651</u>	<u>-</u>	<u>1,256,837</u>
Governmental Activities Capital Assets, Net	<u><u>1,235,186</u></u>	<u><u>83,651</u></u>	<u><u>-</u></u>	<u><u>1,318,837</u></u>

NOTE 5 - ACCOUNTS PAYABLE

Accounts payable of \$465,842 consists of monies owed to various vendors and agencies at June 30, 2005, and paid in subsequent periods.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 5 - ACCOUNTS PAYABLE (CONTINUED)

The following is a summary of accounts payable:

<u>Description</u>	<u>Amount</u>
Medicaid Match	273,094
Substance Abuse Services	36,500
Contractual	77,880
Regular Vendor Accounts Payable	<u>78,368</u>
Total	<u><u>465,842</u></u>

NOTE 6 - GENERAL LONG-TERM DEBT

Notes Payable:

During 1997 the Central Utah Mental Health entered into a lease purchase agreement with the Municipal Building Authority of Sanpete County for the purpose of constructing a mental health facility in Ephraim, Utah. The Sanpete County Municipal Building Authority issued bonds in the amount of \$750,000 to finance the construction of the building. Central Utah Mental Health then pays a lease payment in the same amount as the bond payment to Zions Bank who purchased the bonds. The lease agreement calls for interest only payments in June and principal and interest payments in December.

The following is a summary of lease payments to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-2006	35,000	21,045	56,045
2006-2007	37,000	18,939	55,939
2007-2008	39,000	16,716	55,716
2008-2009	35,000	14,963	49,963
2009-2010	37,000	13,702	50,702
2011-2015	217,000	47,093	264,093
2016-2020	<u>156,000</u>	<u>8,190</u>	<u>164,190</u>
Total	<u><u>556,000</u></u>	<u><u>140,648</u></u>	<u><u>696,648</u></u>

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 6 - GENERAL LONG-TERM DEBT (CONTINUED)

The following is a statement of changes in Long-Term Debt for the year ending June 30, 2005:

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Ephraim Building Lease	<u>589,000</u>	<u>-</u>	<u>33,000</u>	<u>556,000</u>

Compensated Absences:

Compensated absences of Central Utah Mental Health/Substance Abuse Center represent accrued vacation pay at June 30, 2005, in the amount of \$246,540.

	<u>Balance June 30, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2005</u>
Compensated Absences	<u>221,930</u>	<u>24,610</u>	<u>-</u>	<u>246,540</u>

NOTE 7 - RESERVED FUND BALANCES

Reserved fund balance represents that portion of fund balance which is either not subsequently appropriated for expenditure or legally segregated for specific use.

State Medicaid requires that the Central Utah Mental Health/Substance Abuse Center establish and maintain a funded reserve balance to cover the cost of all services provided. The amount of this reserve fund must be at least equal to the Center's expected average expenses for all services for a 60-day period. This funded reserve is calculated at total projected annual expenses divided by twelve, times two. Central Utah Mental Health/Substance Abuse Center must notify the Department of Health in writing if the funded reserve drops below the required balance. The Center determined that this amount at June 30, 2005 was \$900,000. The Medicaid Contract also establishes that the Center be responsible for unanticipated inpatient costs in excess of annual premiums. The Center has determined to reserve \$100,000 for this risk pool.

NOTE 8 - FINANCIAL STATEMENT PRESENTATION

During a prior year the Central Utah Mental Health/Substance Abuse Center determined that they needed their own financial report separate from that of the Six County Association of Governments. Therefore, Mental Health and Substance Abuse, formerly included in the audit report of Six County Association of Governments, are presented in this separate annual audit report.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 9 - STATE OF UTAH RETIREMENT PLANS

Local Governmental - Cost Sharing:

Plan Description:

Central Utah Mental Health/Substance Abuse Center contributes to the Local Governmental Noncontributory Retirement System, which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The System provides retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The System is established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the System, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The System issued a publicly available financial report that included financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Central Utah Mental Health/Substance Abuse Center is required to contribute a percent of covered salary to the respective systems, 9.62% to the Noncontributory Systems. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Central Utah Mental Health/Substance Abuse Center's contributions to the various systems for the years ending June 30, 2005, 2004 and 2003 respectively were; for the Noncontributory Retirement Systems, \$339,534.03, \$288,853.79, and \$255,019.10 respectively. The contributions were equal to the required contributions for each year.

Payroll for Central Utah Mental Health/Substance Abuse Center is contracted and processed by Six County Association of Governments, therefore, these contributions included those made for employees of Six County Association of Governments.

NOTE 10 - RISK MANAGEMENT

Central Utah Mental Health/Substance Abuse is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries and disasters. The Center is insured through the Utah Local Governments Trust for general liability coverage. The limits of coverage is \$3,000,000 combined single limit per occurrence with \$1,000 deductible for each occurrence.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 10 - RISK MANAGEMENT (CONTINUED)

The Trust also covers automobile liability in the amount of \$2,000,000 combined single limit per accident and bodily injury of \$2,000,000 aggregate each policy with a \$0 deductible per each accident. Uninsured motorist coverage is \$65,000 limit each accident and \$65,000 aggregate each policy. Underinsured motorist is \$50,000 limit each accident.

The Central Utah Mental Health/Substance Abuse Center is also covered for replacement cost of buildings and equipment through the Local Governments Trust.

Property and equipment coverage is for replacement cost with a \$1,000 deductible.

Workers Compensation coverage is also with the Utah Local Governments Trust.

Claims have not exceeded coverage in any of the last three calendar years.

NOTE 11 - MEDICAID SETTLEMENT

A Medicaid settlement is pending at the date of the audit report. The mechanism for determining the settlement has not yet been determined by State and Federal Medicaid agencies. The final determination could result in additional revenues or a liability due back to Medicaid.

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, 2004	2,330,258	2,330,258	2,330,258	-
Resources (Inflows):				
Federal Grants	633,066	633,066	641,859	8,793
Contracts with State Agencies	1,317,312	1,317,312	1,310,201	(7,111)
Medicaid	3,400,000	3,400,000	3,945,062	545,062
Medicaid - Fee for Service	125,000	125,000	54,696	(70,304)
Counties Contributions	223,890	223,890	223,890	-
Fees and Charges	138,000	138,000	169,320	31,320
Interest	32,000	32,000	60,485	28,485
Other	6,000	6,000	18,447	12,447
Fund Balance	16,860	16,860	-	(16,860)
Total Revenues	5,892,128	5,892,128	6,423,960	531,832
Less: Medicaid Match Returned	(841,625)	(841,625)	(1,006,600)	(164,975)
Other Revenue Returned	(1,000)	(1,000)	(1,003)	(3)
Amounts Available for Appropriation	7,379,761	7,379,761	7,746,615	366,854
Charges to Appropriations (Outflows):				
Salaries and Wages	2,198,000	2,198,000	2,277,241	(79,241)
Fringe Benefits	979,775	979,775	939,189	40,586
Travel	185,550	185,550	190,867	(5,317)
Supplies	96,700	96,700	83,141	13,559
Rent	106,000	106,000	109,810	(3,810)
Utilities	115,000	115,000	120,510	(5,510)
Insurance	49,000	49,000	75,502	(26,502)
Spend Down	92,000	92,000	67,943	24,057
Administrative Charges	73,270	73,270	73,270	-
Contractual	410,250	410,250	464,905	(54,655)
Adult and Youth Treatment	217,280	217,280	185,500	31,780
Hospital, Drugs and Medical	325,848	325,848	149,460	176,388
Miscellaneous	50,644	50,644	60,213	(9,569)
Capital Outlay	150,186	150,186	254,459	(104,273)
Total Charges to Appropriations	5,049,503	5,049,503	5,052,010	(2,507)
Budgetary Fund Balance - June 30, 2005	2,330,258	2,330,258	2,694,605	364,347

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
NOTE A
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
Sources/Inflows and Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	7,746,615
Differences - Budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(2,330,258)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>5,416,357</u></u>
Uses/Outflows of Resources:	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	5,052,010
Differences - Budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting pruposes.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>5,052,010</u></u>

(This page contains no information and
is used to assist in formatting, for easier reading)

COMBINING STATEMENTS AND SCHEDULES

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
COMBINING BALANCE SHEET
GENERAL FUND BY DEPARTMENT**

For The Fiscal Year Ended June 30, 2005

	<u>Total</u>	<u>Mental Health</u>	<u>Substance Abuse</u>
ASSETS			
Cash and Cash Equivalents	2,847,400	2,994,289	(146,889)
Accounts Receivable (Net)	4,498	-	4,498
Due from Other Governmental Units	<u>308,549</u>	<u>72,039</u>	<u>236,510</u>
TOTAL ASSETS	<u><u>3,160,447</u></u>	<u><u>3,066,328</u></u>	<u><u>94,119</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	<u>465,842</u>	<u>418,603</u>	<u>47,239</u>
Total Liabilities	<u>465,842</u>	<u>418,603</u>	<u>47,239</u>
Fund Balances:			
Reserved For:			
Medicaid Contract	1,000,000	1,000,000	-
Unreserved	<u>1,694,605</u>	<u>1,647,725</u>	<u>46,880</u>
Total Fund Balance	<u>2,694,605</u>	<u>2,647,725</u>	<u>46,880</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>3,160,447</u></u>	<u><u>3,066,328</u></u>	<u><u>94,119</u></u>

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND BY DEPARTMENT**

For The Fiscal Year Ended June 30, 2005

	<u>Total</u>	<u>Mental Health</u>	<u>Substance Abuse</u>
REVENUES			
Federal Grants	641,859	87,200	554,659
Contracts With State Agencies	1,310,201	922,601	387,600
Medicaid	3,945,062	3,945,062	-
Medicaid - Fee for Service	54,696	4,696	50,000
Counties Contributions	223,890	171,400	52,490
Fees and Charges	169,320	58,800	110,520
Interest	60,485	59,988	497
Other	18,447	16,498	1,949
Total Revenues	6,423,960	5,266,245	1,157,715
Less: Medicaid Match Returned	(1,006,600)	(993,187)	(13,413)
Other Revenue Returned	(1,003)	(838)	(165)
NET REVENUES	5,416,357	4,272,220	1,144,137
EXPENDITURES			
Salaries and Wages	2,277,241	1,739,662	537,579
Fringe Benefits	939,189	732,504	206,685
Travel	190,867	149,472	41,395
Supplies	83,141	65,267	17,874
Rent	109,810	83,176	26,634
Utilities	120,510	89,233	31,277
Insurance	75,502	56,438	19,064
Spend Down	67,943	67,943	-
Administrative Charges	73,270	54,250	19,020
Contractual	464,905	370,297	94,608
Adult and Youth Treatment	185,500	103,688	81,812
Hospital, Drugs and Medical	149,460	146,565	2,895
Miscellaneous	60,213	45,314	14,899
Capital Outlay	254,459	240,554	13,905
TOTAL EXPENDITURES	5,052,010	3,944,363	1,107,647
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	364,347	327,857	36,490
FUND BALANCE - BEGINNING OF YEAR	2,330,258	2,319,868	10,390
FUND BALANCE - END OF YEAR	2,694,605	2,647,725	46,880

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
BUDGETARY COMPARISON SCHEDULE
MENTAL HEALTH**

For The Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, 2004	2,319,868	2,319,868	2,319,868	-
Resources (Inflows):				
Federal Grants	87,200	87,200	87,200	-
Contracts with State Agencies	956,000	956,000	922,601	(33,399)
Medicaid	3,400,000	3,400,000	3,945,062	545,062
Medicaid - Fee for Service	55,000	55,000	4,696	(50,304)
Counties Contributions	171,400	171,400	171,400	-
Fees and Charges	-	-	58,800	58,800
Interest	30,000	30,000	59,988	29,988
Other	5,000	5,000	16,498	11,498
Fund Balance	16,860	16,860	-	(16,860)
Total Revenues	4,721,460	4,721,460	5,266,245	544,785
Less: Medicaid Match Returned	(821,500)	(821,500)	(993,187)	(171,687)
Other Revenue Returned	-	-	(838)	(838)
Amounts Available for Appropriation	6,219,828	6,219,828	6,592,088	372,260
Charges to Appropriations (Outflows):				
Salaries and Wages	1,687,000	1,687,000	1,739,662	(52,662)
Fringe Benefits	729,000	729,000	732,504	(3,504)
Travel	144,900	144,900	149,472	(4,572)
Supplies	76,500	76,500	65,267	11,233
Rent	82,000	82,000	83,176	(1,176)
Utilities	87,000	87,000	89,233	(2,233)
Insurance	41,000	41,000	56,438	(15,438)
Spend Down	92,000	92,000	67,943	24,057
Administrative Charges	54,250	54,250	54,250	-
Contractual	306,000	306,000	370,297	(64,297)
Adult and Youth Treatment	110,000	110,000	103,688	6,312
Hospital, Drugs and Medical	315,000	315,000	146,565	168,435
Miscellaneous	46,300	46,300	45,314	986
Capital Outlay	129,010	129,010	240,554	(111,544)
Total Charges to Appropriations	3,899,960	3,899,960	3,944,363	(44,403)
Budgetary Fund Balance - June 30, 2005	2,319,868	2,319,868	2,647,725	327,857

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
BUDGETARY COMPARISON SCHEDULE
SUBSTANCE ABUSE

For The Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance With Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, 2004	10,390	10,390	10,390	-
Resources (Inflows):				
Federal Grants	545,866	545,866	554,659	8,793
Contracts with State Agencies	426,312	426,312	387,600	(38,712)
Medicaid - Fee for Service	70,000	70,000	50,000	(20,000)
Counties Contributions	52,490	52,490	52,490	-
Fees and Charges	74,000	74,000	110,520	36,520
Interest	2,000	2,000	497	(1,503)
Other	-	-	1,949	1,949
Total Revenues	1,170,668	1,170,668	1,157,715	(12,953)
Less: Medicaid Match Returned	(20,125)	(20,125)	(13,413)	6,712
Other Revenue Returned	(1,000)	(1,000)	(165)	835
Amounts Available for Appropriation	1,159,933	1,159,933	1,154,527	(5,406)
Charges to Appropriations (Outflows):				
Salaries and Wages	511,000	511,000	537,579	(26,579)
Fringe Benefits	250,775	250,775	206,685	44,090
Travel	40,650	40,650	41,395	(745)
Supplies	20,200	20,200	17,874	2,326
Rent	24,000	24,000	26,634	(2,634)
Utilities	28,000	28,000	31,277	(3,277)
Insurance	8,000	8,000	19,064	(11,064)
Administrative Charges	19,020	19,020	19,020	-
Contractual	104,250	104,250	94,608	9,642
Adult and Youth Treatment	107,280	107,280	81,812	25,468
Hospital, Drugs and Medical	10,848	10,848	2,895	7,953
Miscellaneous	4,344	4,344	14,899	(10,555)
Capital Outlay	21,176	21,176	13,905	7,271
Total Charges to Appropriations	1,149,543	1,149,543	1,107,647	41,896
Budgetary Fund Balance - June 30, 2005	10,390	10,390	46,880	36,490

(This page contains no information and
is used to assist in formatting, for easier reading)

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants
A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Executive Committee
Central Utah Mental Health/Substance Abuse Center
Mt. Pleasant, Utah 84647

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Central Utah Mental Health/Substance Abuse Center as and for the year ended June 30, 2005, which collectively comprise Central Utah Mental Health/Substance Abuse Center's basic financial statements and have issued our report thereon dated November 21, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Utah Mental Health/Substance Abuse Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

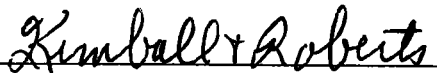
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Utah Mental Health/Substance Abuse Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of Central Utah Mental Health/Substance Abuse Center in a separate letter dated November 21, 2005.

Executive Committee
Central Utah Mental Health/Substance Abuse Center
Page -2-

This report is intended solely for the information and use of the audit committee, management, executive committee and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 21, 2005
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Executive Committee
Central Utah Mental Health/Substance Abuse Center
Mt. Pleasant, Utah 84647

Compliance

We have audited the compliance of Central Utah Mental Health/Substance Abuse Center with the types of compliance requirements described in the *U. S. Office of Management of and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Central Utah Mental Health/Substance Abuse Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Central Utah Mental Health/Substance Abuse Center's management. Our responsibility is to express an opinion on Central Utah Mental Health/Substance Abuse Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Utah Mental Health/Substance Abuse Center's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Central Utah Mental Health/Substance Abuse Center's compliance with those requirements.

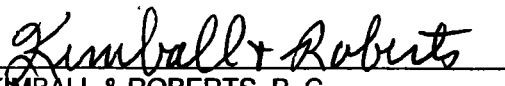
In our opinion, Central Utah Mental Health/Substance Abuse Center complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of the Central Utah Mental Health/Substance Abuse Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Central Utah Mental Health/Substance Abuse Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 21, 2005
Richfield, Utah

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For The Fiscal Year Ended June 30, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Central Mental Health/Substance Abuse Center.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's report on Internal Control and Compliance With Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Central Utah Mental Health/Substance Abuse Center's were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Cental Utah Mental Health/Substance Abuse Center's expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs for Cental Utah Mental Health/Substance Abuse Center's.
7. The program tested as a major program include: Prevention and Treatment of Substance Abuse, CFDA 93.959.
8. The threshold for distinguishing Type A programs is \$300,000 of federal awards expended.
9. Central Utah Mental Health/Substance Abuse Center was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2005

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Amount Expended</u>
Indirect Assistance:			
Department of Education:			
State Department of Human Services:			
Safe and Drug Free Schools and Communities	84.186	03-0039	<u>14,368</u>
Total Department of Education			<u>14,368</u>
Department of Health and Human Services:			
State Department of Human Services:			
Consolidated Knowledge, Development and Application Program	93.230	02-1042	84,713
Block Grant for Community Mental Health Services	93.958	03-0037	87,200
Block Grants for Prevention and Treatment of Substance Abuse	93.959	03-0039	<u>455,578</u>
Total Department of Health and Human Services			<u>627,491</u>
Total Indirect Assistance			<u>641,859</u>
Total Federal Assistance			<u><u>641,859</u></u>

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
SCHEDULE OF FEDERAL AWARDS EXPENDED**

For The Fiscal Year Ended June 30, 2005

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDED

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

General:

The accompanying Schedule of Federal Awards Expended presents the activity of all federal financial assistance programs of the Central Utah Mental Health/Substance Abuse Center. The reporting entity, Central Utah Mental Health/Substance Abuse Center, is defined in Note 1 to the Central Utah Mental Health/Substance Abuse Center's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the Schedule of Federal Awards Expended.

Basis of Accounting:

The accompanying Schedule of Federal Awards Expended is presented using the modified accrual basis of accounting for assistance received by governmental fund types, which is described in Note 1 to Central Utah Mental Health/Substance Abuse Center's basic financial statements.

**CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER
SCHEDULE OF PRIOR AUDIT FINDINGS**

For The Fiscal Year Ended June 30, 2005

There are no prior audit findings.

Kimball & Roberts

Certified Public Accountants
A Professional Corporation
Box 663
Richfield, Utah 84701
Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Executive Committee
Central Utah Mental Health/Substance Abuse Center
Mt. Pleasant, Utah 84647

We have audited the basic financial statements of Central Utah Mental Health/Substance Abuse Center, for the fiscal year ended June 30, 2005, and have issued our report thereon dated November 21, 2005. As part of our audit, we have audited Central Utah Mental Health/Substance Abuse Center's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the fiscal year ended June 30, 2005. The Center received the following major State assistance programs from the State of Utah:

Utah Division of Mental Health (Substance Abuse)

Our audit also included testwork on the Center's compliance with those general compliance requirements identified in the State of Utah Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Property Tax
- Other Compliance Requirements

The management of Central Utah Mental Health/Substance Abuse Center is responsible for the Association's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Associations' compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Executive Committee
Central Utah Mental Health/Substance Abuse Center
Page -2-

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in a separate management letter. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Central Utah Mental Health/Substance Abuse Center, complied, in all material respects, with the general compliance requirements identified above for the fiscal year ended June 30, 2005.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 21, 2005
Richfield, Utah

CENTRAL UTAH MENTAL HEALTH/SUBSTANCE ABUSE CENTER

MANAGEMENT LETTER

JUNE 30, 2005

Kimball & Roberts

Certified Public Accountants
A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

Executive Committee
Central Utah Mental Health/Substance Abuse Center
Mt. Pleasant, Utah 84647

During our audit of the funds of Central Utah Mental Health/Substance Abuse Center for the fiscal year ended June 30, 2005, we noted a certain area needing corrective action in order for the Center to be in compliance with state laws and regulations. This item is discussed below for your consideration.

COMPLIANCE:

Cash Management

State law requires that all public funds be deposited daily, whenever practicable, but not later than three business days after receipt.

Finding:

During our test of deposits of public funds we noted that one of twenty-five deposits tested was not made within three days of receipt.

Recommendation:

We recommend that all public funds receipted be deposited within three business days after receipt.

Response:

We have reviewed the above finding with management and management agrees with the recommendation.

We would like to take this opportunity to thank Central Utah Mental Health/Substance Abuse Center's personnel for the cooperation and assistance given to us during the course of our examination.

Respectfully submitted,


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

December 21, 2005
Richfield, Utah